

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

SIL-01 DODE-00 PA-02 PRS-01 AGR-10 /104 W

----- 060779

R 162030Z JUN 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 1529

UNCLAS BUENOS AIRES 4061

E.O. 11652: N/A

TAGS: EGEN, EFIN, ETRD, AR

SUBJ: GOA CONTINUES IMPLANT NEW MEASURES

REF: BA 3822; BA 3860

1. CELESTINO RODRIGO AND NEW ECONOMIC TEAM CONTINUE IMPLANT NEW ECONOMIC MEASURES AT FAST CLIP. MOST SIGNIFICAT INITIATIVES OF LAST WEEK AS FOLLOWS:

PRICES: GOA HAS SUBSTANTIALLY RAISED PRICES OF MANY PUBLIC AND PRIVATE GOODS AND SERVICES. FOR EXAMPLE, TRAIN AND DOMESTIC AIRFARES RAISED 80-120 PERCENT, STELL UP 105-135 PERCENT, PRICE INCREASES FOR AUTO PRODUCERS UNDER CONSIDERATION. IN AGRICULTURE, PURCHASING PRICE FOR CURRENT GRAIN CROPS JUST RAISED AND INCREASES IN CATTLE SECTOR LIKELY. REAL SITUATION IS THAT PRICES OF VIRTUALLY ALL

PRODUCTS IN COUNTRY ARE BEING SHARPLY INCREASED WHETHER OR NOT OFFICIALLY AUTHORIZED.

INTEREST RATES: INTEREST RATES HAS ALSO BEEN SUBSTANTIALLY INCREASED. BASIC INTEREST RATE ON SAVINGS DEPOSITS RAISED ROM 14 TO 16 PERCENT. COMMERCAIL BANK LENDING RATE RAISED FROM AVERAGE OF 18-23 PERCENT TO AVERAGE OF 30-33 PERCENT ACCORDING TO SIZE AND LOCATION OF BORROWING ENTITY. LOANS BY NON BANK FINANCIAL ENTITIES RAISED FROM 27 PERCENT TO 37 PERCENT.

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TRADE: NEW MINISTRY OF ENERGY IMPORT RESOLUTION (NO.11) SPEEDS

UP ADMINISTRATIVE ACTION ON IMPORT APPLICATIONS ALREADY APPROVED IN
MINISTRY. IT ALSO SUSPEND REPEAT SUSPENDS RESOLUTION 693 WHICH
SET MAXIMUM IMPORT VALUE FOR 1975 AT 1973 LEVELS PLUS
12 PERCENT. CENTRAL BANK RESOLUTION R.C. 535 ESTABLISHES
OBLIGATORY EXCHANGE INSURANCE. SYSTEM COMBINES FORWARD
COVER AT 18 PERCENT PREMIUM WITH 100 PERCENT PRIOR IMPORT
DEPOSIT REQUIREMENT ON ALL IMPORT EXCEPT CAPITAL GOODS UNDER
CIRCULAR 524 AND IMPORT OF STATE, PROVINCIAL, OR MUNICIPAL
AUTHORITIES. RESOLUTION 12 OF MINISTRY OF ECONOMY ESTABLISHES
EXPORT SUBSIDIES AND TAXES RANGING FROM 5-25 PERCENT AND
10-50 PERCENT RESPECTIVELY. TAXES AND SUBSIDIES WILL BE
BASED ON COMMERCIAL RATE OF 26 PESOS PER DOLLAR. TRANSLATION
OF DECREES FOLLOW BY AIRGRAM.
WAGES AND SOCIAL SECURITY: MINIMUM RETIREMENT BENEFITS RAISED
FROM 1,630 TO 1,750 PESOS PER MONTH; OTHER PENSIONS RAISED FROM
1,250 TO 1,340 PESOS PER MONTH. FAMILY ALLOWANCES INCREASED
APPROXIMATELY 18 PERCENT. COLLECTIVE WAGE NEGOTIATIONS STILL
NOT CONCLUDED. CGT HAS TURNED DOWN GOA OFFER OF 45
PERCENT INCREASE WITH MINIMAL 1,300 PESOS RISE AND
ATMOSPHERE CONTINUES TENSE.
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Message Attributes

Automatic Decaptioning: X
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TAGS: EGEN, EFIN, ETRD, AR, (RODRIGO, CELESTINO)
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